

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO
RICO *et al.*,

Debtors.¹

PROMESA

Title III

Case No. 17-03283 (LTS)

(Jointly Administered)

**RESERVATION OF RIGHTS OF NATIONAL PUBLIC FINANCE
GUARANTEE CORPORATION REGARDING PLAN SUPPLEMENT**

National Public Finance Guarantee Corporation (“National”) hereby submits this reservation of rights (the “Reservation of Rights”) regarding the Plan Supplement to the *Modified Eighth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* [ECF No. 19184] (as may be further amended, modified, or supplemented, the “Plan”),² and respectfully states as follows:

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK- 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² Unless otherwise indicated, references to ECF numbers in this Reservation of Rights refer to the docket in Case No. 17-3283-LTS. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Plan.

STATEMENT AND RESERVATION OF RIGHTS

1. National is a provider of financial guaranty insurance, whereby an insurer guarantees scheduled payments of principal and interest as and when due on a bond or other obligation. National is among the largest creditors of the Commonwealth of Puerto Rico (the “Commonwealth”) and its instrumentalities, with billions of dollars in claims arising from National’s insurance policies, including insurance for certain general obligation bonds issued by the Commonwealth. Furthermore, National is party to the GO/PBA Plan Support Agreement and the HTA/CCDA Plan Support Agreement (the “Plan Support Agreements”) and supports confirmation of the Plan on terms consistent with the Plan Support Agreements.

2. Pursuant to the GO/PBA Plan Support Agreement and the Plan, the Plan Supplement shall be “in form and substance reasonably satisfactory” to National. *See* GO/PBA Plan Support Agreement § 1.2 (definition of “Plan Supplement”); Plan, § 1.393. The Plan Support Agreements set forth numerous terms that must be included in, *inter alia*, the New GO Bonds Indenture and the CVI Indenture.

3. On October 11, 2021, the Oversight Board filed the Plan Supplement. *See* ECF No. 18470. On November 4, 2021, the Oversight Board filed an amended Plan Supplement. *See* ECF No. 19062. In the accompanying notice, the Oversight Board noted that the documents comprising the Plan Supplement remained “subject to negotiations with parties in interest” and that the rights of all parties in interest with respect to the form of such documents were “expressly preserved,” including the exercise of any consent rights relating thereto. *See id.*

4. Although National expects and believes that the ongoing discussions with the Government Parties will result in a Plan Supplement that is reasonably satisfactory to National, there remains open issues with respect to the New GO Bonds Indenture and CVI Indenture. Accordingly, National reserves all rights under the Plan and the Plan Support

Agreements with respect to the Plan Supplement, including the right to address any unresolved issues at any hearing on the Plan Supplement or confirmation of the Plan.³

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³ The GO/PBA Plan Support Agreement also requires the Government Parties to use their reasonable best efforts to cause the CVIs to be tax-exempt to the extent permitted by law. *See* GO/PBA Plan Support Agreement, §§ 4.1(e); 4.2(d). According to the testimony of David Brownstein at the Confirmation Hearing, whether and to what extent the CVIs may be issued as tax-exempt has yet to be resolved. *See* Transcript of Hrg. at 114:23 – 115:11, *In re Fin. Oversight & Mgmt. Bd. for P.R.*, Case No. 17-03283-LTS (D.P.R. Nov. 12, 2021). National reserves all rights in regards to continuing efforts to cause the CVIs to be tax-exempt.

Dated: November 18, 2021

Respectfully submitted,

**ADSUAR MUÑOZ GOYCO
SEDA & PÉREZ-OCHOA, P.S.C.**

By: /s/ Eric Pérez-Ochoa
Eric Pérez-Ochoa
USDC-PR No. 206314

/s/ Luis Oliver-Fraticelli
Luis Oliver-Fraticelli
USDC-PR No. 209204

/s/ Alexandra Casellas-Cabrera
Alexandra Casellas-Cabrera
USDC-PR No. 301010

/s/ Lourdes Arroyo Portela
Lourdes Arroyo Portela
USDC-PR No. 226501

PO BOX 70294
San Juan, PR 00936
Telephone: 787.756.9000
Facsimile: 787.756.9010
Email: epo@amgprlaw.com
loliver@amgprlaw.com
acasellas@amgprlaw.com
larroyo@amgprlaw.com

*Attorneys for National Public Finance
Guarantee Corporation*

WEIL, GOTSHAL & MANGES LLP

By: /s/ Kelly DiBlasi

Kelly DiBlasi (admitted *pro hac vice*)
Gabriel A. Morgan (admitted *pro hac vice*)
Jonathan Polkes (admitted *pro hac vice*)
Gregory Silbert (admitted *pro hac vice*)
Robert Berezin (admitted *pro hac vice*)

767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Email: kelly.diblas@weil.com
gabriel.morgan@weil.com
jonathan.polkes@weil.com
gregory.silbert@weil.com
robert.berezin@weil.com

*Attorneys for National Public Finance
Guarantee Corporation*

CERTIFICATE OF SERVICE

I hereby certify that I caused this document to be filed electronically with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to all parties of record in the captioned case.

At San Juan, Puerto Rico, November 18, 2021.

By: /s/ Eric Pérez-Ochoa